

International Trade and Investment:

The World Trade Organization and War: Making the Connection

The WTO Report Card:

Culture	F
Education	F
Environment	F
Food Safety	F
War Industry	A+

The World Trade Organization has become the most powerful international institution in the world. Its power over governments is undermining peace and human rights, and promoting military spending and the arms trade.

The World Trade Organization (WTO) is a 134-country organization that governs international trade by facilitating trade agreements and then enforcing them when member governments have trade disputes. The WTO administers the General Agreement on Tariffs and Trade (GATT) and many other agreements covering services, government procurement, intellectual property, investment measures, and more.

But the WTO's power goes far beyond trade. It sets limits on how governments may regulate national economies on behalf of their citizens and in doing so affects almost every aspect of people's lives.

The WTO views many government services and policies – such as public education, public health care, environmental regulations and industrial programs – as unfair interference in the free market. When governments challenge other governments' policies before WTO dispute panels, the WTO rules on whether the policies are unfairly interfering with trade. If they are, member governments must change or eliminate the offending laws, or face billions of dollars in WTO-authorized trade sanctions.

The WTO undermines social justice, the environment, jobs and food safety through its power over governments. At the same time, the WTO bolsters military spending, weapons production and the international weapons trade.

GATT Article XXI: The Security Exception

The WTO is based on the premise that the only legitimate role for governments is to provide for a military to protect the country, and a police force to ensure order within it. And so while the WTO attacks social and environmental policies, it protects the war industry through a “security exception” in the GATT (Article XXI).

The security exception allows governments free reign for actions taken in the name of national security. It states that a country can not be stopped from taking any action it considers necessary to protect its essential security interests; actions “relating to the traffic in arms, ammunition and implements of war and such traffic in other goods and materials as is carried on directly for the purpose of supplying a military establishment (or) taken in time of war or other emergency in international relations.”¹

Article XXI is the most powerful exception in the WTO because governments define for themselves their “essential security interests” and protect what they want by couching it in these terms.



The WTO Spurs Military Spending: The Bombardier Case

In shielding the war industry from WTO challenges, the security exception ends up stimulating government military spending and militarizing the economy. The danger is that governments will only be able to promote jobs, new emerging industries, or high-tech manufacturing through military spending.

There is evidence this is already happening. In 1999, a WTO dispute panel ruled against Canada and its Technology Partnerships Canada program – a program that subsidizes the aerospace and defence industry. The program was being used by Bombardier Aerospace to build and export regional passenger jets. But

the WTO ruled the non-military subsidies were unfair, and struck them down.

Canadian aerospace and defence corporations, which build both civilian and military aircraft, were worried that they would lose their subsidies because of the WTO ruling, but the Canadian government has redesigned the program to be WTO-friendly. As if to not risk another WTO challenge, the Department of National Defence announced in October a \$30 million annual subsidy program for weapons corporations to develop new weapons.² This new program won't be challenged at the WTO, as it falls within the GATT's national security exception. It can hence fund Bombardier's military production.

Through this security exception, any government can continue to subsidize military corporations, some of the largest transnational corporations in the world.

The WTO Protects Human Rights Violators: The Burma Case



The WTO's objective of a global free market has resulted in trade rules that don't allow governments to take political, social, environmental or social justice issues into account when deciding what or from whom to buy. These trade rules can be used to prevent governments from using tools such as economic sanctions to promote peace and human rights. Such was the case when activists used anti-apartheid style measures to promote peace and democracy in Burma.

Amnesty International has consistently criticized Burma's (Myanmar's) military government for its terrible human rights record. Peace and human rights activists have worked to have Western governments impose sanctions on Burma to force democratic reforms. In 1996, activists succeeded in having Massachusetts (and twenty municipalities and counties across the United States) pass a law preventing government contracts from being issued to companies doing business with Burma.

The Massachusetts' legislation was similar to its anti-apartheid legislation in the 1980s. But today such government laws can be challenged – and the WTO can be used to protect corporate interests. Both the European Union and Japan challenged Massachusetts' law as a violation of the WTO's Agreement on Government Procurement, stating that Burma and companies that did business with Burma were being unfairly discriminated against.

Before the WTO could convene a dispute panel, a corporate lobby group – supported by the E.U. and Japan – stepped in and sued Massachusetts in domestic courts, under the pretext the state had exceeded its authority. Massachusetts lost the case and the court overturned the law and all similar laws in the U.S.

"If we had rulings like this in the '70s and '80s, the United States would not have been able to participate in the anti-apartheid movement," said Massachusetts State Representative Byron Rushing, who sponsored the Burma bill. "I am glad these judges weren't around then or Mandela might still be in jail."³

The WTO Undermines Peace

Proponents of globalization argue that globalization ends up improving living standards for everyone. The United Nations, among other groups, disagrees: "The prevailing view that international trade liberalization and deregulation provide the best guarantee for economic and social rights through growth is belied by the facts."⁴

Peace is achieved through a common security of all people and nations – a security achieved through adequate housing and food, basic education, proper health care, and a clean environment. But WTO dispute panels have consistently struck down clean air, food safety, economic development, and environmental laws. Clearly, the WTO's agenda works against peace-building initiatives, and actually promotes and rewards war preparations.

¹ GATT 1994, Article XXI.

² Canadian Press, "\$30 million for defence contractors," October 18, 1999.

³ Frank Philips, "US Court Overturns Burma Law," The Boston Globe, June 23 1999.

⁴ United Nations Commission on Human Rights, *The Realization of Economic, Social and Cultural Rights*, July 19, 1999

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End the Arms Race: www.peacewire.org
Center for Defense Information: www.cdi.org

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